



NATIONAL SECURITY AGENCY
CENTRAL SECURITY SERVICE

FORT GEORGE G. MEADE, MARYLAND 20755-0000

O/CONGRESSIONAL AFFAIRS

86-3851

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MEMORANDUM FOR THE OFFICE OF CONGRESSIONAL AFFAIRS, CENTRAL
INTELLIGENCE AGENCY

SUBJECT: NSA Proposals for FY-88 Intelligence Authorization Act

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1. This responds to your letter of 16 October 1986 in which you request legislative language for NSA proposals to be included into the FY-88 Intelligence Authorization Bill.

2. Summarized below are six proposals including a revised version of the Foreign Cryptographic Control Bill. Legislative language and sectional analyses for each provision are attached at Tabs A-F.

a. Tax Exemption of Allowances Paid to Certain NSA Employees. An amendment to section 912(1) of the Internal Revenue Code to exempt from taxation allowances provided to certain NSA and DIA personnel. The same allowances provided to Foreign Service members and CIA personnel are currently exempted from taxation under section 912(1). The NSA portion of the proposal has already been cleared by OMB and has been sent to Congress. The Intelligence Authorization Act may be an appropriate vehicle for enacting this legislation. (A copy of the Speaker Letter prepared by DoD is attached at Tab G.)

b. Retroactive Pay for Certain NSA Employees. An amendment to the NSA Act of 1959 (50 U.S.C. §402 note) to allow the Director, NSA, to pay certain senior NSA employees additional pay to which they would have been entitled during fiscal years 1980 and 1981 under a 1984 Seventh Circuit decision (Squillacote v. U.S., 739 F.2d 1208 (7th Cir. 1984), cert. denied, 105 S.C. 2021 (1985)) if NSA's Senior Cryptologic Executive Service (SCES) had been established at the same time as the Senior Executive Service (SES).

c. Foreign Cryptography Control. An amendment to Title 10 to provide the Secretary of Defense and the Director, NSA, with the statutory authority to prevent the introduction of foreign manufactured cryptography into the United States Government and government-contractor inventory and to bar foreign-owned, controlled, or influenced companies from accessing United States Government cryptography.

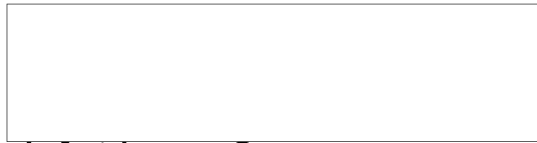
d. Transportation of Remains. An amendment to Title 5 to authorize the payment of expenses for transportation of

remains, dependents, and effects of an employee of the United States who dies while on a rotational tour of duty within the United States at a place away from his or her permanent home.

e. Pay Advance. An amendment to Title 5 to authorize advances of up to three months' pay to employees reassigned for permanent duty to a new location within the United States in like manner as is authorized in cases of transfers overseas.

f. NSA Graduate Studies Program. An amendment to the NSA Act of 1959 to provide statutory authority for the establishment by the Director, NSA, of a graduate training program for critical skills.

3. Please contact me with any questions you may have concerning our submissions.



Legislative and Regulatory Counsel

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